

**"COMMERCIAL SPACE TRANSPORTATION:
READY FOR THE NEXT GIANT LEAP"**

REMARKS BY

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Good morning. Thank you, Sen. Capps for that kind and generous introduction. I especially want to thank you, Senator, for your unflagging commitment to the further development of commercial space transportation through your efforts here at Clinton-Sherman and in the state legislature. I want to also thank Lt. Gov. Mary Fallin with whom I've been so impressed with her dynamic leadership and vision since the first time I met her. Finally, it's always a pleasure to come to Oklahoma where people sound just like the people in my home state of Alabama.

My office, the Associate Administrator for Commercial Space Transportation, AST, has had a long and productive relationship with both Oklahoma and the Aerospace States Association (ASA), and Lt. Governor Fallin's leadership is a key facet of those partnerships. Together, my office, Tim Huddleston and Lt. Gov. Fallin are developing a national vision for space that is based on serving

our nation's economic interests - a vision that embraces what I have come to call, the New Space Federalism.

It is my pleasure to join you today to discuss how our space transportation industry is changing and the potential opportunities that accompany those changes. You just heard from the previous speaker, Bill Khourie, about Oklahoma's efforts to develop a commercial launch site. I give you my personal commitment to work with my staff and the rest of the FAA to support Oklahoma's goals to become a center of space activities.

As the title of my speech indicates, we at the Federal Aviation Administration, and those of you who I've already talked to in industry and state government, are prepared for the next giant leap in space transportation - the emergence of a new industry driven by the launch of commercial suborbital reusable launch vehicles, RLVs. Ultimately, this will open new markets for space

and pave the way for new orbital RLVs. It also offers opportunities for economic development right here at home, which I will talk about in a few minutes.

But first, let me tell you a little about where we've been with regard to commercial space transportation. This year marks the 20th anniversary of the passage of the Commercial Space Launch Act of 1984, the legislation that established the role of the private/commercial sector in space launch. Prior to that time, all payloads, government, civil and commercial, were launched by the government - either the military or NASA. If AT&T wished to put a communications satellite into orbit to handle international phone calls, they went to NASA.

Some visionaries in government wondered why this wasn't the job of the private sector? In 1984 the Administration, and the Congress, agreed it should be. In the ensuing years, the Office of

Commercial Space Transportation, now an FAA Line of Business, has licensed and overseen 160 commercial space launches with an accident-free record.

We celebrate this record, but realize it can only be maintained by total commitment to a safety regime that works in cooperation with our partners in the Air Force and NASA. But it also reflects the success we have had in building a skilled and dedicated organization that works with our clients/customers to make it happen.

It is that skilled and dedicated AST staff that is assisting the newest part of our space transportation industry in opening the frontier for suborbital space flight. Just last month, AST issued the first two licenses in the world for manned commercial suborbital RLV flights. These licenses, given to Scaled Composites and XCOR Aerospace of Mojave, Calif., represent no small tasks. Both required many months of work to ensure the companies' plans met the public safety,

environmental, and financial requirements for launch licenses. These two licensing actions represent significant milestones for this promising industry sector, and we anticipate the upcoming flights that will bring commercial space flight into the public eye. Indeed on the day the first RLV launched, we in AST, in the FAA, and in the Department of Transportation, wrote a new page in the history of commercial space transportation in the U.S., and in the world. Being associated with this kind of history was, as my son would say, "Awesome!"

FAA/AST also has previously licensed four non-federal launch sites in the United States - California, Florida, Virginia, and Alaska. Oklahoma is one of a few proposed inland launch sites that have initiated discussions with AST about pursuing site licenses. In the future, we anticipate there will be a network of non-federal launch sites throughout the United States, enabling

a commercial launch sector that is responsive to both national needs and emerging applications such as space tourism. We are already seeing companies take advantage of these potential opportunities by locating near future space launch sites.

Incentives such as those offered by Oklahoma show that your leaders clearly recognize the potential for economic development in the communities surrounding spaceports.

Commercial space transportation represents a critical sector to the U.S. economy and to the states in which commercial space activities occur. AST recently completed a study of the economic contributions of commercial space transportation, and the industries it enables, to the nation's economy. We found that in 2002, commercial space transportation and related industries were responsible for more than \$95 billion in economic activity, \$23.5 billion in earnings, and 576,400 jobs.

The number of jobs resulting from commercial space transportation is expected to grow in the future, particularly as some of these new RLV developments come to fruition. In March of this year, *Business Week* magazine named commercial space among the top five innovative industries that could drive a new job boom. It placed commercial space among telecommunications, biotechnology, nanotechnology, and energy in terms of potential job growth.

AST's involvement with the industry doesn't end with licensing launches and launch sites. We have also developed relationships with government and industry focused on improving the safety of launch activity and on promoting the development of a competitive industry in the United States.

AST has an ongoing real relationship with the Air Force focused on improving safety at the launch ranges. Last year, we established our first field office at Patrick Air Force Base in Florida. This

year, we are happy to report that an Air Force Lt. Col. has joined us full time in our Washington Headquarters, strengthening the strong partnership we have forged with the Air Force around safety.

Another activity we have been conducting, in partnership with the Air Force, is to develop a single set of safety standards that would apply to launches from federal and non-federal launch sites in the U.S. I am pleased to say that this rulemaking is progressing.

Our efforts to promote the industry through partnerships with other organizations also have been quite busy this year. As I mentioned earlier, AST has partnered with the Aerospace States Association to look at the elements of a national space vision focused on national economic interests. We continue to develop a space commerce model with ASA and to jointly raise public awareness about the commercial opportunities that space transportation developments offer. We also

are working closely with the X Prize Foundation, which anticipates awarding a \$10 million prize before the end of this year to the person or entity that achieves the launch.

Many of us were also heartened and excited by the announcement by President Bush outlining a challenging new vision for our nation's space program, a renewed commitment to boldly pursue knowledge and discovery.

Laying out this new vision for U.S. space exploration does not directly address the future of the commercial launch industry, but I believe the private sector could have a role if it steps forward to rise to the challenge of the President's call.

The delivery of cargo in support of the exploration initiative would seem a real opportunity, particularly after the shuttle is phased out in 2010.

It has been little noted, but the presidential decision directive supporting the January 14 announcement states the NASA Administrator should "pursue commercial opportunities for providing transportation and other services supporting the International Space Station and exploration missions beyond low Earth orbit."

I truly believe the President's initiative will also open the door for more commercial and private sector opportunities to exploit the opportunities of space.

Twenty years from now, I fully expect the commercial activities and opportunities related to space will be far different from those of today.

I also see a brightening of the picture from the past few years. As the economy bounces back, so will our industry, according to recent signs. Satellite orders were up last year, almost tripling from the nadir year's six orders in 2002 to 17 in

2003. More satellites mean more launch opportunities.

It is those new opportunities for orbital and suborbital launches that will create the next giant leap for space transportation. The leap to a commercially-driven and innovative launch sector will empower our progress in the next century of space flight. AST and the industry we serve have already taken several small steps but I assure you, this is only the beginning. Want excitement? Try commercial space transportation.

In closing, I would ask you to pause with me for a moment... and envision right here in Oklahoma an intermodal transportation system second to none - a transportation hub where aviation, rail, transit, highways, and "yes" space transportation all converge. I can hear the announcement now: Now boarding, Experience space launch #102 to Paris. Final packages for space cargo to Alaska, launch pad C-15. What a day that will be and there is no

doubt in my mind that with Sen. Capps, Lt. Gov. Fallin, Bill Khourie of OSIDA and others on the team, Oklahoma will play a key role in the future of space transportation.

Thank you very much for inviting me to share this time with you.